

# Gary's Idea of Competition.

A Steel Trust Magnate Undertakes the Interesting Feat of Condemning Monopoly While Justifying the Methods of the Greatest Trust in the Country.

JAMES CREELMAN, the famous correspondent, acting as the special representative of the New York World, recently visited Elbert H. Gary, chairman of the executive committee of the United States steel corporation. Mr. Creelman says that it was Mr. Gary who organized the Federal Steel company and that it was "his brain more than any other which united fifteen great companies which form the United States steel corporation with its stock and bond capitalization of \$1,322,259,300—the most stupendous and far-reaching financial creation of human ingenuity." Today he is the real director of its policies and activities, one of the foremost captains of industry in the foremost century of industry.

With this description of the trust magnate, it will be interesting to listen to what he has to say in his very interesting interview with Mr. Creelman. Mr. Gary pointed to what he calls the voluntary advance in wages made by the Pennsylvania Railroad company and other large corporations as simply additional evidence that doing business on a large scale is not inconsistent with the interests of labor. He seemed desirous of creating the impression that these corporations were entitled to special credit because of this advance in wages; and yet one may search in vain through the Gary interview to find any reference to the fact that within a very few days after these railroad corporations increased the wages of their employees, they made preparations for a material increase in freight rates, thus shifting the burden of their generosity to their employees from their own shoulders to the shoulders of the shippers.

In this interview Mr. Gary said that he could speak for the greatest corporation in the world, that is, the steel trust, in saying that "our first concern is the welfare of our workingmen." On this point Mr. Gary said:

"Never for a moment do we lose sight of the interests of the men who work our steel mills, mines, railways or boats. We have more than once voluntarily advanced wages. It is to our interest to be just to our employees."

"No one understands that better than the men who are charged with the responsibility of carrying on this immense business. We employ 166,163 men and pay \$120,727,241 annually in wages. We want to pay our men well because it is necessary to have the best labor obtainable."

It is not hypocritical to say that if the first concern of the steel trust magnates was in fact the welfare of their workingmen they would have given their employees a very much larger increase in wages than they have yet done. A corporation that is able to pay its chief officers enormous salaries and after the payment of such salaries is enabled to distribute handsome dividends to its stockholders, should also be able to pay its workingmen wages that would make their lot the envy of all other workingmen under present conditions. But in spite of Mr. Gary's fine sentences, it is yet to be related that any considerable number of workingmen have given the steel trust extraordinary preference in their search for an ideal employer.

Mr. Gary said some things on the question of monopoly that are of special interest. He said:

"I am opposed to private monopoly. No decent man in America can defend it. Private monopoly is not only wrong in principle, but it will not work in practice. The people and the institutions of this country are opposed to monopoly. It is an impracticable and utterly unsound idea in business. I know that there are men who have advocated it in the

industrial world, but they have been discredited by experience. After a considerable experience in the largest affairs of modern business I say without hesitation that all sound organizers of industry recognize the absurdity of the monopoly theory. No large industry can last in America unless it is founded on the basis of competition, that is, the survival of the fittest."

Now, this utterance of Mr. Gary's might sound very reasonable to some opponents of monopoly. In fact somehow or other it reminds one of the republican platforms and the reminder becomes all the more forcible when one obtains from Mr. Gary an analysis of this statement. After the steel trust magnate had declared against monopolies Mr. Creelman asked:

"Do you mean to say, Mr. Gary, that the United States steel corporation is not organized and conducted with a view to a monopoly of the steel industry of America, if not of the whole world?"

Then, as though determined that he would not abandon the position he had taken, Mr. Gary promptly replied:

"I do. If the United States steel corporation, the most powerful private institution in the world, is to succeed, it must not and cannot found its policy on a program of monopoly. Its success is due to the highest form of competition, competition in brains, in methods, in work."

But what is this "competition" to which Mr. Gary refers? He explains it in this way:

"There is a tremendous competition going on all the time between our various mills, a friendly, good-natured rivalry, but none the less eager. It is the kind of competition that is giving the industrial supremacy of the world into the hands of America."

"No, we know very well that we cannot win by the device of a monopoly. We must win by getting possession of the best and most economical raw products and by using the most concentrated and highly developed methods of production. This is a competitive, not a monopolistic, idea. We win in the markets of the world because we deserve to win. We can do better work than our rivals."

"And this plan of industry on a large scale not only brings better wages and greater opportunities to our workingmen, but it is raising the standard of American labor; it is training men to work with the best tools in the best methods in the best conditions."

"No man need fear that monopoly is making any headway in this country. A study of the United States steel corporation or of any other great and successful industrial organization in the United States will show that it is the spirit of unsleeping competition—a competition that avails itself instantly of every new idea or appliance—that makes success. We not only compete with our outside rivals, but we compete with each other inside the organization."

It is difficult to deal patiently with a statement like this when one understands that it was deliberately made with the knowledge that it was to be presented to a presumably intelligent people. The requirements of the "competition," which Mr. Gary says is essential to the well being of society, are met, according to this trust magnate, by the "competition" going on by the various mills and among the various employees of a single corporation, a competition which would not in any event benefit the public so far as the prices to the public are concerned. It is a competition between the various representatives of one business concern, all eager for the favor of the powers controlling the establishment; and because there exists within the steel trust as there certainly does in every business establishment in the country in more or less degree, this kind of a "competition,"

this steel trust magnate says that his institution is not a monopoly; and in spite of its character he assumes that "no decent man in America can defend a private monopoly!"

In the course of this interview Mr. Creelman asked Mr. Gary: "And do you see no signs of danger in this movement toward concentration? Can you find no signs of weakness in it? Have you not already reached or even passed the limits of working combination?" to which the trust magnate replied: "No, there is no sign of weakness to be found. This corporation is growing stronger. We improve in our methods every month. We are doing better work and increasing our earnings."

But Mr. Creelman, who is an observing man, appeared to be insistent and he asked, "Is there no line of peril visible?" Then this trust magnate said:

"Only one. It is the cry for a change in the tariff. If we are to be the dominant manufacturing nation of the world we must be as fully protected as any other nation. We must have a tariff that will at least make up the difference in the price of wages in America and competing countries. Take Germany, our strongest rival. The man who gets \$1.50 a day in our mills gets only 60 cents a day in Germany. Besides, Germany has a system of government bounties paid on articles exported to foreign countries which enables her manufacturers to dispose of their surplus products without loss. For many years my mind was open on the tariff question, but facts like these have made me a firm believer in protection. I do not say that the tariff cannot be altered and improved, but I do say that if sufficient protection to equalize the cost of labor is not retained in the tariff the result will be disastrous. That is the only cloud on our horizon."

Statements such as these require no comment in the presence of intelligent men. It is strange that these representatives of the trusts imagine that they can palm off upon an intelligent people such things as these. This representative of the trusts in the United States in a statement which he knows is to be presented to the public has the temerity to declare that no decent man in America can defend a private monopoly; that the people and the institutions of this country are opposed to monopoly; that it is an impracticable and utterly unsound idea in business; that although there are some men who have advocated it in the industrial world, they have been discredited by experience; and this trust magnate further declares that after considerable experience in the largest affairs of modern business he would say without hesitation that all sound organizers of industry recognize the absurdity of the monopoly theory. According to this man no large industry can last in America unless it is founded on the basis of competition; and in the same statement this man proceeds to justify the methods of the steel trust and to tell the people that the requirements of the competitive system are met by a contest among the employees, of one particular business concern, for the favor of the employer!

## Revolt in Maryland.

The Baltimore Sun, the most influential of the democratic dailies of Maryland, has sounded a note of protest against the democratic organization in that state. This is the more significant when it is remembered that the Sun opposed the ticket in 1896, but returned and did yeoman service in 1900. As the organization of the state is in the hands of men openly hostile to the Kansas City platform the Sun's revolt would indicate that the reorganizers are not strengthening the party by their methods. The Sun's editorial will be found on another page of this issue.